

REQUEST FOR PROPOSAL

Addendum # 1



Department Of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
206-684-1681 TTY RELAY: 711

DATE ISSUED: August 23, 2006

RFP Title:	Collection Enforcement / Collection Services
Requesting Dept./ Div.:	King County Department of Executive Services – Finance & Business Operations Division – Financial Management Section
RFP Number:	129-06RLD
Due Date:	August 31, 2006 – no later than 2:00 P.M.
Buyer:	Roy L. Dodman, roy.dodman@metrokc.gov (206) 263-4266

This addendum is issued to revise the original Request for Proposal, dated August 3, 2006, as follows:

1. The proposal opening date remains the same: Thursday, August 31, 2006, no later than 2:00 p.m. exactly.
2. The sign in sheet from the August 14, 2006 pre-proposal conference is available by contacting Cathy Betts at cathy.betts@metrokc.gov. Please include your FAX number if you wish the document faxed to you.
3. A number of changes have been made to the RFP. As such, please see **Exhibit A** to this Addendum which includes the replacement for the following material:

Replace **Section II, PROJECT SPECIFICATIONS AND SCOPE OF WORK** beginning from **Item G - Account Referral, Cancellation, Withdrawal, Suspension, & Adjustment**, through **Section III, RFP DOCUMENT SUBMISSION, Item A, RFP Document Response Format**.

To draw attention to the changes, those items that have been reworded are noted in **blue font**.

(Please note that in the issued RFP, the next two items that follow Section III's Item A were incorrectly lettered; they should be lettered "B" and "C", not "F" and "G".)

(continued on page 2)

TO BE ELIGIBLE FOR AWARD OF A CONTRACT, THIS ADDENDUM MUST BE SIGNED AND SUBMITTED TO KING COUNTY

Sealed proposals will only be received by:

King County Procurement Services Section, Exchange Building, 8th floor, 821 Second Avenue, Seattle, WA 98104-1598. Office hours: 8:00 a.m. - 5:00 p.m., Monday - Friday

Company Name

Address		City / State / Postal Code
Signature	Authorized Representative/Title	
Email	Phone	Fax

This Request for Proposal – Addendum will be provided in alternative formats such as Braille, large print, audiocassette or computer disk for individuals with disabilities upon request.

The following information is provided in response to questions received:

Q1: Does the current collection agency vendor(s) maintain an office within the State of Washington?

R1: Yes

Q2: Does the current collection agency vendor(s) maintain a local primary contract within the jurisdiction of the County?

R2: Yes

Q3: What benefit does the County seek in requiring that the awarded contractor be based in state and a contact within the County?

R3: The objective is one of timeliness and availability. A contractor's local presence facilitates the ability to provide excellent customer service in a timely manner. With a local presence (regional to Puget Sound, and Seattle in particular), the selected contractor will be able to quickly fulfill legal document requests. Also, as there are times when onsite meetings are required in the conduct of the County's collection activities, a local presence is required in order to conduct those meeting within hours of the initial request.

As such, make the following change to Section II, Item A of the RFP

Delete the last two sentences and replace with the following:

"King County requires the Contractor to maintain an accessible presence with a primary local contact available to the County under short notice. The Contractor shall assign a specific point of contact for communications between King County and the Contractor."

Q4: Will the County authorized litigation for qualified accounts?

R4: Yes

Q5: Is the County pursuing wage garnishment or wage assignment through their current vendor(s)?

R5: Though very limited in number, yes.

Q6: What percentage volume of accounts currently go to wage garnishment or wage assignment?

R6: Less than 1%.

Q7: Can the County further explain or show how the County requires the agency to collect a 10% collection fee in behalf of the County? Using the Accounts Paid in Full example, show where the 10% fee is added for collection and the amount due on the \$100 owed to County example.

R7: This issue is included as a change to the RFP as part of Exhibit A to this Addendum. However, to answer this question, the response is as follows:

1. Collection Fee:

The selected Contractor will remit to the County a collection fee for each account referred by the County to the Contractor. The "collection fee" shall consist of 10% of the amount collected by the Contractor on the account, and an additional 1% interest rate accrued monthly. The collection fee is to be included in the "Contractor fee", to be bid by the Contractor. As such, the Contractor fee shall be defined as the collection fee plus Contractor percentage mark up.

Q8: Aside from County reporting, will each department have the right to request other reports for their specific needs?

R8: Yes

Q9: What kind of percentage volume increase does the County expect for future accounts?

R9: No major increase or decrease is expected at this time.

Q10: Can the County please explain what it is requesting regarding controlling the referral of account to other Correspondent Agencies?

R10: The contract will state that all accounts referred to the winning vendor will remain with the vendor, and will not be assigned to correspondent agencies. The winning vendor will expedite all accounts referred. Please also see the response to Question 38 of this addendum.

Q11: Can the County please verify that the total number of points that can be awarded is 200 points or 230 points?

R11: A bidding vendor can be awarded up to 230 points.

Q12: When is the approximate contract award date?

R12: Estimated award date will be in mid-September.

Q13: When is the approximate contract start date?

R13: Mid-October.

Q14: How many vendors are currently providing the requested services?

R14: One.

Q15: Who are the incumbents?

R15: Alliance One.

Q16: How long have they been servicing the County?

R16: Since October 2000.

Q17: What is the term of the current contract?

R17: the most current contract (October 2003) is for one year, with possible six one-year extensions.

Q18: Has it gone full term?

R18: No.

Q19: Did the County have options to extend the current contract?

R19: Yes.

Q20: If yes, how many options and how many years for each?

R20: The original contract had six one-year extensions. Five were exercised.

Q21: Has the County exercised all options to extend the contract available to it?

R21: No. King County has decided to go out for bid with a single one-year extension remaining.

Q22: Why is the contract out to bid?

R22: The County must procure services on a regular, reoccurring basis. King County elected to solicit for collection services at this time in order to obtain the best services available.

Q23: How many vendors is the County seeking to select?

R23: One.

Q24: Are all placements considered primary placements, never having been outsourced to a private collection agency?

R24: Yes.

Q25: What add-on fees are the current agency/ies currently receiving, including legal and garnishment fees?

R25: The Contractor will remit to the County a collection fee for each account referred by the County to the Contractor. The collection fee consists of 10% of the amount collected by the Contractor on the account, and an additional 1% interest rate accrued monthly. The collection fee is to be included in the Contractor fee, to be bid by the Contractor. The current Contractor fee is an additional 29% added to the principal. Any legal, garnishment, or filing fees are pre-paid by the Contractor. The Contractor then is reimbursed by the debtor, and such pre-paid fees are charged in addition to the Contractor Fee.

Q26: Will accounts be moved from the current agency to the newly awarded agency as a one-time initial placement upon contract award?

R26: Yes

Q27: If yes, please provide the following information:

- a. Value of accounts:
- b. Volume of accounts:
- c. Average age of accounts:

R27: King County's Response:

- a. Estimated \$18,455,443
- b. Estimated 82,811
- c. 3 to 5 years old.

Q28: Under any newly awarded contract, please provide the following portfolio information on a monthly basis:

- a. The total dollar value of accounts to be placed
- b. The total volume of accounts
- c. The average age of accounts at placement

R28: King County's Response:

- a. *Please see the current "Combined History Analysis" provided with e-mail versions of this addendum, available at the County's Procurement web site, or by contacting the Buyer listed on page 1.*
- b. *Same as "a" above.*
- c. *Same as "a" above.*

Q29: What kind of liquidation or return has the County received under the current contract?

R29: Same as "R28-a" above.

Q30: What is the County's goal in releasing the RFP?

R30: To assure King County is receiving the best collection services available.

Q31: Does King County participate in Washington State contract 06204?

R31: No. The County elects to pursue a unique solution to our collection needs by crafting a solicitation and contract specific to our requirements.

Q32: Pre-Award, Current Contract:

- a. What fee rates are these vendor(s) charging for their services?
- b. What recovery rates is the vendor returning?
- c. What percentages of accounts are litigated for each debt type?

R32: King County's Response:

- a. *This has been previously answered in this Addendum.*
- b. *This has been previously answered in this Addendum.*
- c. *The County does not collect this information at this time.*

Q33: Regarding compliance, may a vendor provide a listing of all the required licenses, bonds and their numbers, instead of copies?

R33: This is acceptable; however, the County will require proof of all required items prior to finalizing any contract.

Q34: Post-Award, Debt Placement

- a. Please provide the estimated annual placement volume in dollars, for each of the types of debt to be placed?
 - i. Will there be an initial one time dump that a vendor would need to plan for?
 - ii. If so, what is the projected placement total, per agency, by debt type?
- b. Please indicate the average balance of accounts in each category.
- c. What is the monthly volume of delinquent accounts expected to be placed for collection with the vendor?
- d. What is the expected liquidation rate for each debt type? What have been your historical liquidation rates on these types of accounts once placed with a vendor?

R34: King County's Response:

- a. *See **Attachment B** (Microsoft Excel, 125KB) "RFP Referral Volume and Dollars by Department" included with e-mailed versions of this Addendum and available by visiting the County's Procurement web site or by contacting the Buyer noted on page 1 of this document.*
 - i. *Yes*
 - ii. *This has been previously addressed (the County does not have this information broken down by debt type). Please see **Attachment B** (Microsoft Excel, 125KB) for presently available additional information.*
- b. *See **Attachment B** (Microsoft Excel, 125KB).*
- c. *This has been previously answered in this Addendum.*
- d. *This has been previously answered in this Addendum*

Q35: Collection activity

- a. How old are accounts and when are they placed?
- b. What collection activity is performed on each debt type prior to placing with an outside vendor?

R35: King County's Response:

- a. *This has been previously answered in this Addendum.*
- b. *Delinquency notices, Pre-Referral letters, and department negotiation (if approved).*

Q36: Technical

- a. What date will the contract be awarded?
- b. Can two vendors from the same parent company bid?
- c. Are there any rate guidelines provided to vendors?

R36: King County's Response:

- a. *This has been previously answered in this Addendum.*
- b. *Yes.*
- c. *No.*

Q37: On page 2 of the RFP, under Submittal, it states "King County requires the Proposer to sign and return this entire Request for Proposal (RFP) document. The Proposer shall provide one unbound original and six (6) copies of the proposal response, data or attachments offered, for seven (7) items total. The original in both cases shall be noted or stamped "Original"."

- a. Does King County want one (1) copy of the signed RFP returned with the proposal? Or do they want 7 copies of the signed RFP, one with each of the one (1) original and six (6) copies of the proposal?
- b. If King County wants 7 copies of the signed RFP, is it permissible to place them under a separate tab inside the binders with the six (6) proposal copies.

R37: King County's Response:

- a. *As per the checklist at the end of the document, 1 copy of the RFP (signed); 1 original of the submitted proposal (marked "original"), and 6 copies of that same proposal.*
- b. *As noted in the answer directly above, this does not apply.*

Q38: On page 19 of the RFP, under SECTION III - RFP DOCUMENT SUBMISSION, A. RFP Document Response Format, Financial Detail, it states "Also provide a description of procedures for controlling the referral of accounts to other Correspondent Agencies including information on the methods employed by the Correspondent Agencies in the collection of accounts referred."

Please clarify what is meant here by "Correspondent Agencies."

R38: Please see the response to question 10 of this addendum. In addition, please note the deletion of the relevant paragraph on the final page of this Addendum (under Financial Detail)

Q39: What are King County's current recovery rates for each account type described in Section II, Item B of this RFP?

R39: *Some of this information is included in Attachment A (PDF, 91KB) to this addendum. King County does not receive data by account type (account type is not presently obtained from the current vendor). This is a contributing factor to procuring collection services at this time.*

Q40: What is the fee structure for your current contractor? Is there any variance by account type? If so, what is it?

R40: This has been previously answered in this Addendum (currently 29% + 1% interest). Regarding variance by account type, the answer is "no, the fee structure is the same for every account type".

Q41: Does the contractor obtain 100 percent of the post judgment interest? If no, how is it divided?

R41: The answer is no. King County will always receive the additional 1% interest rate accrued monthly as defined in the contract as the "collection fee".

Q42: Item D on Page 8 states that the County and Contractor will agree upon a recovery rate -- a Performance Indicator by account type. What is the current Performance Indicator for each account type with the current contractor?

R42: King County does not receive this information from the current vendor. As noted above, this is a contributing factor for procuring collection services via this RFP.

Q43: It appears the balance due on an account can be the cumulative value of multiple parts: principal due, interest due, penalties due. Item 5, on Page 18, requests the Contractor fee that will be added to the principal amount due. Will the selected contractor only be paid the fee based upon the principal amount?

R43: This has been previously answered in this Addendum.

Q44: Are abatement costs the only fees due DDES that are certified to property taxes?

R44: Yes.

Exhibit A (replacement elements to the original RFP) follows.

G. Account Referral, Cancellation, Withdrawal, Suspension, & Adjustment

1. Account Referral:

The County will transfer updated information on a monthly basis via written documentation or electronic transfer. The County will not refer delinquent accounts until they have exceeded the \$10.00 minimum.

The amount listed for collection will reflect the past due balance and applicable interest penalties. Each account shall have demographic information, including but not limited to name, address, residence and business phone, DOB and Client Reference Number.

The Contractor shall generate a Notice-of Default for each new case listed, with language notifying the debtor that on-going monthly delinquencies shall continue to be transferred from the County to the Contractor. New monthly delinquencies will transfer to the Contractor and be matched to the existing case on a monthly basis. No other debtor notice shall be necessary for monthly balance updates.

Payment arrangements will be for the past due balance in full or a minimum payment of \$75.00. The Contractor may not set payment arrangements at less than the minimum established by the County. Failure to keep payment arrangements may result in garnishment or wage assignment, if assets are located, once the entire balance of the delinquent account has been referred.

2. Uncollected, Cancelled, or Withdrawn Accounts:

The Contractor shall return accounts as uncollectible either at the request of the County or when collection authority expires.

All accounts that have no activity shall be returned to the County within twelve (12) months after being assigned to the contractor. With the consent of the County's referring department, an account may remain with the contractor after twelve (12) months. An account for which a repayment schedule has been established and payments are being received regularly shall remain with the contractor until the account is paid in full or until a default in the payment schedule occurs. The collection period may be extended if legal action has been commenced or for other reasons mutually agreed upon in writing by the contractor and the County.

Once accounts are cancelled and returned to the County, the contractor is not entitled to any money. The Contractor may collect on the account if given specific permission from the County.

In the event an account is deemed uncollectible by the contractor within sixty days of the assignment, it shall be returned to the agency together with an explanation of why it is uncollectible.

Any or all of the accounts assigned to the contractor may be withdrawn / cancelled by the County at any time, upon written, email, or telephonic notification. However, for accounts withdrawn that have been with the contractor less than six (6) months, any payment received by either the contractor or the County for such accounts, within thirty (30) days after the date of notification of withdrawal, shall be subject to the "Contractor fee" (See Item H of this section for definition of this fee).

3. Suspension:

The Contractor will remove and or suspend any collection action within one (1) business day of receipt in writing from the County. Acceptable forms of communication include, but are not limited to letters, facsimile documents, and email contact. Accounts suspended over one (1) month will be returned to the County. Accounts in legal processing are not to be removed from collections unless a detailed explanation by the Contractor are submitted to the County for approval (for audit purposes).

The Contractor may remove or suspend an account with approval by the County with sufficient documentation provided to support a request for write off.

4. Adjustments:

Upon request by the County, account balances (principal portion only) assigned by the County can be adjusted.

H. Payments and Offsets

1. Collection Fee:

The selected Contractor will remit to the County a collection fee for each account referred by the County to the Contractor. The “collection fee” shall consist of 10% of the amount collected by the Contractor on the account, and an additional 1% interest rate accrued monthly. The collection fee is to be included in the “Contractor fee”, to be bid by the Contractor. As such, the Contractor fee shall be defined as the collection fee plus Contractor percentage mark up.

Interest on accounts for penalties, fines, bail forfeitures, fees and costs shall accrue at the rate of twelve percent per annum upon assignment to collections from the County and only while in active collection status. All interest collected will be paid by the Contractor to the County.

Example:

Accounts Paid In Full

Amount owed to the County	\$100
Contractor fee (assume 20%)	<u>\$20</u>
Total amount collected	\$120

Contractor remits to the County	\$100
Remainder (Contractor fee including collection fee)	\$20

Partial Payments

Amount owed to the County	\$100
Contractor fee (assume 20%)	<u>\$20</u>
Total amount due	\$120

Partial payment collected	\$90
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Contractor remits to the County (100/120 X 90)	\$75
Contractor retains (20/120 X 90) (Contractor fee including collection fee)....	\$15

Any payment received directly by the County within ten (10) days after referral to contractor will not be subject to the Contractor fee. Those accounts assigned to out of state collection shall not receive a fee from the sale of real or personal property in the state unless the contractor can clearly prove to the County that the sale of such was a direct result of the contractors actions.

In cases where accounts assigned to contractor are based upon estimated amounts or subject to an offset and the County adjusts those accounts to a lesser amount, the fee will be based upon the lesser amount. Further, if an account is reduced to "0" or cancelled by the adjustment, no fee will be due to contractor.

The County reserves the right on behalf of its agencies to off set refunds or other credits due the debtor against any account assigned to the contractor, reducing the account balance. In the event an account is reduced or canceled by such credits, no Contractor fee will be due the contractor for the amount so reduced or canceled.

All other payments received directly by the County for accounts assigned to the contractor shall be subject to the Contractor fee and the County shall notify the contractor within thirty (30) days of receipt of such payment to be credited to the assigned account

The Contractor will hold payments received in the form of personal or business checks within the State of Washington for **14 business days** as guarantee of sufficient funds prior to crediting King County (**21 business days for out of state checks**). Credit card payments may take up to 48 hours to process.

Every week the Contractor provides the County with a statement of all payments received the prior week.

2. NSF Check Collection:

Contractor is authorized to assess the legal handling fee authorized by RCW 62A.3-515-520. If a debt is collected after fifteen (15) days from notice of dishonor, in addition to the agreed upon reasonable handling fee, the Contractor is authorized to add the cost of the collection, which will not exceed forty dollars or the face amount of the check, whichever is less.

A reasonable handling fee will be determined by the contract administrator and will only be changed at time of contract extension at the contract administrator's option. Handling fee will be a conservative reflection of the typical handling fee in the marketplace. The handling fee will not exceed \$30.00.

For all legal actions, damages will be awarded as authorized by RCW 62A.3.515 (currently \$300.00 or three times the face amount of the check, whichever is less), by award of the court only. This is in addition to any handling [and/or other related fees](#).

The contractor agrees to suspend action, either temporarily or permanently, on any NSF account, upon notification of a request from the County to suspend action. Accounts suspended over three (3) months will be returned to the County.

NSF checks referred will not generally be returned to the County unless specifically requested. However, after a minimum of six (6) months, County may ask for NSF accounts to be returned. If special circumstances exist, County may ask for individual NSF accounts to be returned earlier.

The County reserves the right to off set refunds or other credits due the debtor against any NSF account assigned to the contractor, reducing the account balance. In the event an account is reduced or canceled by such credits, no [Contractor fee](#) will be due the contractor for the amount so reduced or canceled.

3. Contractor Fees:

For all accounts referred by the County, unless otherwise instructed by the County, the Contractor fee shall be added by the Contractor to the principal amount of the debt, collected by the Contractor from the debtor. [The Contractor fee in excess of the collection fee owed to the County shall be](#) deducted by the Contractor prior to remitting the principal amount [and collection fee](#) to the County, as presently authorized by state law.

Should there be changes in laws or County policy which prescribe/allow a different method for recovering [Contractor fees](#), the Contractor shall modify its methods accordingly, upon instruction from the County.

4. Interest:

Contractor shall monitor all accounts and at least monthly, calculate interest owed to the date of recalculation. Contractor shall charge interest on accounts in compliance with governing laws and regulations specific to an agency or account class. It will be the responsibility of the County to communicate any requirements. Upon request by the County, contractor will not charge interest on any account or class of accounts specified. All interest will be added to original amount assigned, and the fee will be calculated per terms of the contract on the total amount. Contractor shall charge interest on NSF checks as defined by RCW 62A.3-515, or by other governing laws and regulations specific to an agency or account class. It will be the responsibility of the County to communicate any requirements which usurp RCW 62A.3-515.

Upon request by the County, the contractor will not charge interest on any account or class of accounts specified.

I. Remittance

The Contractor shall remit by electronic transfer collections made on all department accounts, on a weekly basis, on the first business day of the following week, to the County.

On all accounts for payments received from debtors in the form of personal or business check within the State of Washington, the Contractor may hold same for 14 working days as a guarantee of sufficient funds, prior to crediting the County (21 days for out of state checks). However, upon presentation of proof by the debtor to the collection Contractor or to the County that the check has cleared the bank, the Contractor shall be required to remit the held funds to the County immediately. The Contractor will receive direction for said transfers from the County's Collection Enforcement Office.

In the event that the Contractor receives payment from a debtor who owes money to other parties not related to the County, the Contractor shall pay the County first, unless specifically directed otherwise by the debtor.

In the specific situations where legal action is pursued (i.e., suits and garnishments), the Contractor may apply collection proceeds to recover related direct out-of-pocket costs by prorating the proceeds between principal and the [Contractor fee](#).

J. Time Payments

The County requires the Contractor to allow for time payment agreements in its collection procedures and place this statement on all collection notices. The substance of these policies must meet the County's standards and approval as far as scope and time frame.

The minimum time payment may be arranged in the amount of \$75.00 or more provided the debtor provides the Contractor with good cause, and is agreed upon by the County. Such request by debtor must be in writing. Payment plans can be arranged with a monthly minimum payment of \$75 due on an agreed upon date; the payment plans should not extend past three months. Debtors' refusal to provide information requested by the Contractor shall be put in the account memos and made available to the Contractor and County.

K. Disputed Accounts

The Contractor shall accept and process all written disputes in compliance with all Federal and State Statutes, and County policy. The County will work with the Contractor to validate the debt. A Proposer's response shall include the Contractor's description of their dispute resolution process.

The County requires that twenty-four hours after an account is entered into the Contractor's database, a validation notice will be sent to the debtor. Unless the Contractor is notified (in writing) within 30 days after receipt or mailing date of the notice that the claim is being disputed, it will assume the debt is valid and pursue active collections.

If disputed and the debtor does not respond to any communications regarding their claimed dispute for 30 days, and payment is not received within the same 30 days, the account will be reported to all three credit bureaus.

In total, the Contractor will work a disputed account for (60) sixty days prior to reporting it to all three credit bureaus.

L. System Capabilities/Reporting

The Collection Enforcement Office is the County operation responsible for centrally administering the County's Comprehensive Collection Enforcement Program. The Contractor shall direct all written communications and reports to the Collection Enforcement Office.

The Contractor shall utilize a comprehensive computerized system to manage and account for actions taken on the accounts referred by the County. The Contractor shall have the computer capability to support automated account referrals (e.g. Excel extracts), and shall also have the capability to report on the current status of these referred accounts.

The Contractor, at its own expense, shall install and provide the County with the appropriate computer equipment and direct communications link with the Contractor's computer system to allow immediate on-line inquiry on the current status of accounts referred. The Contractor, at its own expense, will also be responsible for meeting the County's changing needs, to take advantage of future enhancements, or for technological improvements.

M. Reporting

The Contractor shall have a comprehensive computerized system to report account status, collection statistics and other information as required by the County on a daily, weekly, monthly, quarterly and annual basis and additional reports that may be required by the County. The Contractor shall maintain confidentiality of all documents and information provided to the Contractor by the County pursuant to this agreement, except as to disclosure required by State and Federal Laws and regulations. Provided below is the minimum program reporting that will be required. The Contractor shall be flexible in accommodating program changes as required by the County.

Listed below are the reports the County will require in detail and summary. Each report shall have numbered pages, and will be available in hard copy and electronic format:

- 1. Cash Activity Report – Dept.:** The report tracks each County Department's weekly, MTD, QTD, YTD and Years Prior total dollars collected, commission collected, dollars retained by the County, and total direct payments.
- 2. Monthly, Quarterly, Annual Referral Report – Dept.:** The report tracks for each County Department the number of accounts and dollars referred into active collection.
- 3. Monthly Transaction Journal – Dept.:** The report tracks all postings on a daily basis to any King County Account. Each posting tracks dollars allocated to principal, commission, interest, legal costs or fees, NSF checks, or re-posting due to error.
- 4. Monthly Suit and Garnishment Report – Dept.:** The report tracks new suits and garnishments requested during the month and all garnishments or legal files paid in full during the month.
- 5. Monthly Aged Trial Balance Report –Consolidated by Client Reference Number:** The report tracks the current balance-owing, amount collected on each account during the previous month and to-date, and the age of each account since referral.
- 6. Monthly, Annual & Inception-To-Date History Analysis Report – Client Reference Number:** The report is a batch track report of total number and dollars assigned and collected, paid in full, canceled and remaining open each month since program inception.
- 7. Monthly Client Index Report – Dept.:** This report tracks account status at the individual account level. The report shall include the debtor's name, case number or account number, agency number, date assigned, amount assigned, amount collected, balance, amount paid and account status. The report shall also include a recap of account status by group. Detail shall include number of accounts in any one status, dollars assigned, dollars collected, balance due, dollars collected, and current account status.
- 8. Monthly Exclusion Report – Dept.:** This report tracks accounts with any of these status changes during the previous month; canceled, deceased or statutes of limitations has been exhausted. The detail is to reflect the debtor's name, the court case number, the date assigned, the amount assigned, new account status.
- 9. Monthly Interest Retained Report – Dept.:** This report tracks by each Agency the amount of interest deposited for the previous month.
- 10. Account Acknowledgment – Dept.:** This report is due within one week of receiving accounts for placement into active collection. The detail for each batch of accounts referred shall include; the name of the referring King County Court or Dept., the name of each debtor, the case number, the total dollars referred, Dept. account number, total number of accounts referred, total dollars listed.

- 11. Weekly Remittance Statements– Dept.:** This report tracks dollars transmitted to the County on a weekly basis with the following detail: the County department's name, the debtor's name, the date of payment, the account number, gross dollars collected, the County's fee, the Contractor's fee, remaining balance, total amount of the check to the County. County remittance statements will include interest retained.
- 12. Monthly Cancellation Report – Dept.:** These reports track account status. Report shall segregate between County and Contractor cancellations. The detail shall include; the debtor's name, the date of payment, the County account/case number, Dept. identifier, gross dollars collected, dollars retained by the County, the Contractor fee (minus the collection fee remitted to the County) and remaining balance.
- 13. Monthly Bankruptcy Report – Dept.:** This report tracks the delinquent accounts and status that are in bankruptcy. The detail shall include; the debtor's name, the date of payment, the County account/case number, Dept. identifier, gross dollars collected, dollars deposited to County, the Contractor fee (minus the collection fee remitted to the County) and remaining balance and shall be listed by Client Number (department or court accounts).
- 14. Quarterly Legal Action Report to PAO:** This report shall list actions initiated by the Contractor to reduce any debt of more than \$5,000 to judgment. This list shall include the type of debt, the judgment debtor and the total amount of the judgment. The report shall also identify the total number of actions initiated by the Contractor to reduce any debt of less than \$5,000 to judgment.
- 15. Comprehensive Reconciliation Report – Client Number:** This report tracks for each Client Number the amounts assigned, number of accounts assigned, amounts collected, number of accounts collected, and the breakdown of fees and interest collected.

Daily reports, in a format responsive to the County's needs, shall accompany payments to the Collection Enforcement Office.

Weekly remittance reports via electronic transfer, in a format responsive to the County's needs, shall accompany the payments for all other accounts and be forwarded to the Collection Enforcement Office along with copies for each referring County department.

Reports relating to monthly, quarterly and annual statistics shall be received no more than **seven working days** after completion of the appropriate period. Reports must be system generated and are acceptable in electronic and hard copy form. Report information required shall include, but not be limited to, the following:

Debtors Name
Account or Case #
Date Paid
Amount Paid

N. Reporting to Credit Bureau – Disputed Accounts

The Contractor shall work the account for (60) sixty days prior to reporting all uncollected accounts to the major credit bureau(s). Such reporting must be in accordance with all applicable Federal and Washington State laws including, but not limited to, the Fair Debt Collection Practices Act, Federal Equal Credit Opportunity Act, Regulation Z and the Consumer Credit Protection Act, as now in effect or hereafter amended. In addition, at the request of the County, the Contractor is required to remove notification from all affected bureaus and provide a copy of that notification to the County on any particular account.

In accordance with the Fair Credit Reporting Act, the County requires that accounts be canceled with each credit bureau upon request by the County.

- Transunion
400 - 112th Ave. N.E.
Bellevue, WA 98004

- TRW
1065 E. Hillsdale Blvd.
Foster City, CA 94404
- CBI
P.O. Box 6999
Bellevue, WA 98008

O. Bankruptcy, Garnishments, Legal Suits

The Contractor is responsible for initiating legal action to reduce to judgment any debt owed the County. After all efforts of the collection process have been exhausted, accounts with judgments may be subject to garnishment. Once garnishment begins, these accounts will not to be removed from collections. The Contractor pre-pays all legal costs for each account, a minimum of \$150 per account. If, at any time in the collection process, the County cancels the debt, the Contractor may charge the County these costs. Since these accounts are filed with the court they should not be removed from collections unless the debt is not valid.

The Contractor shall be responsible for filing claims and representing King County in any bankruptcy or necessary garnishment filing. The attorney selected to perform the legal work for King County through the collection Contractor must be approved by the King County Prosecuting Attorney and be appointed a special deputy prosecuting attorney. The special deputy status may be extended or terminated at the discretion of the King County Chief Civil Deputy Prosecuting Attorney.

On a Quarterly basis, the Contractor shall provide the King County Prosecuting Attorney a list of actions initiated to reduce any debt of more than \$5000 to judgment. The list shall include the type of debt, the judgment debtor and the total amount of the judgment.

The Contractor shall also submit to the County a list of all bankruptcy claims filed by the Contractor.

Initial Legal Action by Contractor (filing of a lawsuit for assigned non-judgment account, or filing of a first garnishment) will be under taken only after permission is obtained from King County.

P. Procedures for Initial Legal Action

1. Approval of Initial Legal Action
 - a. Initial Legal Action requests shall be submitted for approval to Senior Management of the Contractor.
 - b. Upon approval by Contractor management.
 - i. In the case of a lawsuit, Contractor will submit a "Referral and Certification of Debt" (County required form) to The County. If approved, The County will sign the Referral and return it with any requested documentation. If not approved, The County will notify Contractor that the requested action has not been approved and the reason therefore.
 - ii. In the case of an initial garnishment, on a referred judgment, the Contractor will notify The County and seek approval in writing. Contractor will then initiate the garnishment in the name of King County.
2. Form of Pleadings.
 - a. King County's name shall be used as Plaintiff, and Contractor may be listed as "referee."
3. Process of Garnishment and legal payments.
 - a. Garnishment will proceed according to normal rules and time frames.
 - b. If the Garnishee Defendant remits payment directly to the Contractor, the Contractor shall apply funds and proceed according to its contract provisions as to remittance.

- c. The Contractor may first apply collection proceeds to recover related out-of-pocket legal costs. Where partial payments are involved, the Contractor may prorate the proceeds between the principal and the [Contractor fee](#).
- d. Upon full payment of the judgment and garnishment costs, the Contractor shall prepare a satisfaction of judgment for the garnishment case number so that the County may close its file.

Q. Bankruptcy Procedures

1. The Contractor shall file and collect bankruptcy claims on behalf of King County for those accounts listed with them.
2. The Contractor shall notify The County of claim by request letter for billing information.
3. The Contractor shall notify The County upon receiving the letter of dismissal or discharge from the bankruptcy court.

R. Personnel

The County is committed to ensure proper handling of all accounts and dealings with its customers, and therefore, will play an active role in the collection enforcement process.

In performing the scope of services, the Contractor shall utilize properly trained staff and adequate facilities capable of properly and expeditiously pursuing all County accounts referred. The County requires that the Contractor assign a King County service manager to this contract that shall be responsible for the local collection staff and overall performance of the Contractor. Contractor shall not reassign the King County Service Manager without agreement by the County. The Contractor shall retain on file a record indicating that all Contractor collection personnel have read and understand all provisions of the Fair Debt Collection

Practices Act and any other laws regulating their activities, as now in effect or hereafter amended.

S. Legal Requirements

The Contractor shall handle and process all accounts referred by the County, in strict conformity with all applicable Federal and Washington State laws, and any applicable laws the County may enact, including but not limited to:

Washington State laws enacted or hereinafter amended governing collection agencies and practices, including but not limited to, Revised Code of Washington Chapter 19.16 "Washington State Collection Contractor Act", 1986 and "Unfair Business Practices Act" and 3.02 "Use of Collection Agencies."

Federal laws enacted or hereinafter amended governing collection agencies and practices, including but not limited to, the "Fair Debt Collection Practices Act" (15 U.S.C. 1692 et seq.), and all applicable laws and regulations of the United States Postal Service and the Federal Trade Commission.

T. Volume

The accounts referred will consist of fines, fees, civil penalties, restitution, abatement costs, past due accounts, and NSF Checks. In 2005, we estimate the County referred to collection approximately 9,000 accounts amounting to \$2,300,000. King County anticipates an increase in the volume for future accounts.

The Contractor shall state any restrictions, such as minimum dollar amount per account referred, maximum age of accounts accepted, and types of accounts not accepted in their bid proposal.

U. Subcontractors

The Contractor shall not assign or subcontract any portion of this Contract or transfer or assign any claim arising pursuant to this Contract without the written consent of King County. Said consent must be sought in writing by the Contractor not less than thirty (30) days prior to the date of any assignment. Any request by the Contractor must be pre-approved in writing by King County thirty (30) days prior to the date of any assignment. Any assignment or use of a subcontractor shall be required to have the same

computer system as the Contractor and the County computer systems, and must have the capability to interface with the County Collection Enforcement Office to verify any outstanding account or debt.

V. Beneficiaries to Contract

This Agreement is entered into for the benefit of King County and Contractor, and no other parties are entitled to enforce its terms. No third-party beneficiaries are intended to be created hereunder, and no other party can derive any benefit or right herefrom.

SECTION III – RFP DOCUMENT SUBMISSION

A. RFP Document Response Format

The Proposer shall respond to this RFP by following the below sequential format. Responses shall be identified by category, and then numerically:

Background & History of Proposer: This section requests specific information about the Proposer's operations.

1. Provide a two to three page "Executive Summary" of your proposal.
2. Provide general information on the Proposer which would be helpful for the County to obtain a good understanding of the Proposer's background and business operations. Include length of time in business, number of employees, location of headquarters, organizational structure, other site operations, etc.
3. Provide documentation certifying the Contractor is licensed to successfully perform collection services within the State of Washington, Nationwide, and in Canada.
4. Provide documentation supporting the Contractor's current and future performance capabilities.
5. Provide documentation which demonstrates that the Contractor has technological capability and resources to perform the scope of services as delineated in this RFP, and the ability to provide services beginning no more than thirty days from the bid award date. The Contractor shall provide a detailed implementation plan.
6. Provide information on the type of computer system used to support the scope of services, including but not limited to, automated data transfers to support account referrals and reporting, and automated account status tracking, remote access, systems integration with Subcontractors and reporting. Review of this information by the County shall not be construed as acknowledgement of the adequacy of the Contractor's computer system. The Contractor shall be solely responsible for meeting the computer automation requirements as delineated in this contract.
7. Provide at least four (4) references (with contact names and addresses for County verification) of other governmental agencies or private companies for which services, similar to the complexity of services and volume of listings contemplated in this RFP, have been provided.

Collection Program: This section requests specific information on how the Proposer shall implement the requirements of Section II - Scope of Services:

1. Collection Efforts: Given the "Description of Accounts" in Section II, B, Scope of Work, provide a complete, detailed description of the collection procedures and techniques that will be used for these accounts. This shall include a specific and detailed plan of the collection services to be offered, including the specific procedures to be employed, time frame of the various activities, and account referral procedures (including the handling of manual referrals).
2. Given the "Description of Accounts" in Section II, B, Scope of Work, provide your anticipated recovery at one year and at two year intervals from the date of program inception for these accounts. Base your recoveries given the figures listed under "Volume", Section II, T, Scope of Work.
3. Given the "Description of Accounts" in Section II, B, Scope of Work, clearly state the fee for each account or categories of accounts. The stated fee shall cover any and all costs incurred by the

Contractor for the performance of comprehensive collection services as contemplated in this contract, e.g., including skip trace costs. King County shall pay no fee for accounts not collected.

4. Given the “Description of Accounts” in Section II, B, Scope of Work, provide what you think are the industry standard rates of recovery for these accounts. Describe why you think your rate of recovery will be greater or lesser than the industry standard. Please provide the source document or origin of data for your submitted rates of recovery.
5. Given the “Description of Accounts” in Section II, B, Scope of Work, for each account or categories of accounts, provide the Contractor fee that will be added by the Contractor to the principal amount of the debt, collected by the Contractor from the debtor. **The Contractor fee must include the collection fee which is to be remitted to the County.**
6. Given the “Description of Accounts” in Section II, B, Scope of Work, provide information detailing your success in similar collection recoveries (i.e., recovery factors), and the associated time period that is required for such recoveries. The recovery factor shall be expressed by the following 4 criteria, state the time frame used in each statistic:
 - a. Total dollars collected to total dollars referred.
 - b. Number of accounts fully collected to total accounts referred.
 - c. Number of accounts partially collected to total accounts referred.
 - d. Percentage of dollars for referred accounts within 30, 60, 90 days and beyond by year, for each contract.
7. In response to Section II, C, “Records” in the Scope of Work, provide specific information on how the Proposer will implement and maintain records.
8. In response to Section II, D, “Performance Indicators” in the Scope of Work, provide specific information on meeting these requirements set forth by the County.
9. In response to Section II, F, “Nature of Referral” in the Scope of Work, provide specific information on the implementation, policy and procedure, and on-going process of the 30-day pre-referral notices.
10. In response to Section II, G, “Account Referral” in the Scope of Work, provide specific information on how the Proposer will implement the requirements of the County’s referral methods (as it pertains to accepting active collection accounts).
11. In response to Section II, G, “Account Referral” in the Scope of Work, provide specific information on how the Proposer will implement, decipher, and process uncollected, cancelled or withdrawn, suspended, and adjusted accounts.
12. In response to Section II, I, “Remittance” in the Scope of Work, provide specific information on how the Proposer will implement the requirements of the County’s remittance methods (as it pertains to all King County Departments).
13. In response to Section II, K, “Disputed Accounts” in the Scope of Work, provide specific information on the Proposer’s handling of these accounts, and reporting these accounts to the credit bureaus.
14. In response to Section II, L, “System Capabilities/Reporting”, describe your computer capabilities and ability to interface with present and changing King County databases.
15. In response to Section II, L, “System Capabilities/Reporting”, describe all essential systems that support the technical processes described in the RFP including:
 - Description of the information and communication technology system’s hardware.
 - Description of the safeguards utilized to protect sensitive data.
 - Description of the information technology’s software and its adaptability to King County’s Collection Program.

- Description of the communications system proposed to be used by King County to access cases in active collections.
 - Description and credentials of the data processing personnel committed to the program.
 - Description of operational plan for recovery from a major disaster.
16. In response to Section II, M, "Reporting" in the Scope of Work, provide specific information on reporting (provide copies of standard or proposed reports/formats).
 17. In response to Section II, O, "Bankruptcy, Garnishments, Legal Suits" in the Scope of Work, provide an outline of procedures in garnishment of court proceedings; obtaining civil judgments; and filing for bankruptcies for both dischargeable and non-dischargeable debts. Provide information detailing your procedures for initial legal action, and past experiences with such legal matters on accounts.
 18. In response to Section II, O, "Bankruptcy, Garnishments, Legal Suits" in the Scope of Work, provide a list of all court judgments entered in the last five years against the Contractor, its parent or holding company, and or its affiliated collection agencies, and the Contractor's officers or directors. The Contractor shall also identify and include all current lawsuits and the type of lawsuit (i.e., employment, claims under the Fair Debt Collection Practices Act) pending against the Contractor, its parent or holding company, its affiliated collection agencies, and the Contractor's officer or directors. Only judgments and lawsuits that are related to the business and operations of the Contractor, its parent or holding company, its affiliated collection agencies, and officers or directors should be included.
 19. In response to Section II, Q, "Bankruptcy Procedures" in the Scope of Work, provide specific information on meeting these requirements set forth by the County.
 20. In response to Section II, R, "Personnel" in the Scope of Work, provide specific information on meeting the personnel needs required by the County.
 21. In response to Section II, S, "Legal Requirements" in the Scope of Work, provide specific information on meeting such needs required by the County.
 22. In response to Section II, U, "Subcontractors" in the Scope of Work, provide specific information on implementing and maintaining such requirements set forth by the County.
 23. Describe your internal control process to maintain confidentiality.
 24. Proposer shall provide their (NAICS) North American Industry Classification Number. This will allow the County to compare Proposer to other similar agencies.
 25. Provide specific details on how the Proposer will implement the transfer of ownership of accounts (if chosen as the final candidate).

Financial Detail: Provide specific information on how the Proposer will implement the requirements of Contractor fees/costs. Provide the proposed sliding fee schedule for non-court accounts if desired.

~~Also provide a description of procedures for controlling the referral of accounts to other Correspondent Agencies including information on the methods employed by the Correspondent Agencies in the collection of accounts referred. (this paragraph is deleted in this Addendum).~~

Standard Forms: Provide copies of Proposer's standard forms proposed to be used for review.

Other Information: Provide Proposer's most recent audited financial statements.

The County reserves the right to make an award without negotiations. For this reason, all proposers shall submit their best price initially. The County also reserves the right to award a contract to those proposers determined to be in the County's best interest, price and other factors considered.